EMPLOYMENT AND ECONOMIC DEVELOPMENT

Housing and the Labor Market

Northern St. Louis County, MN

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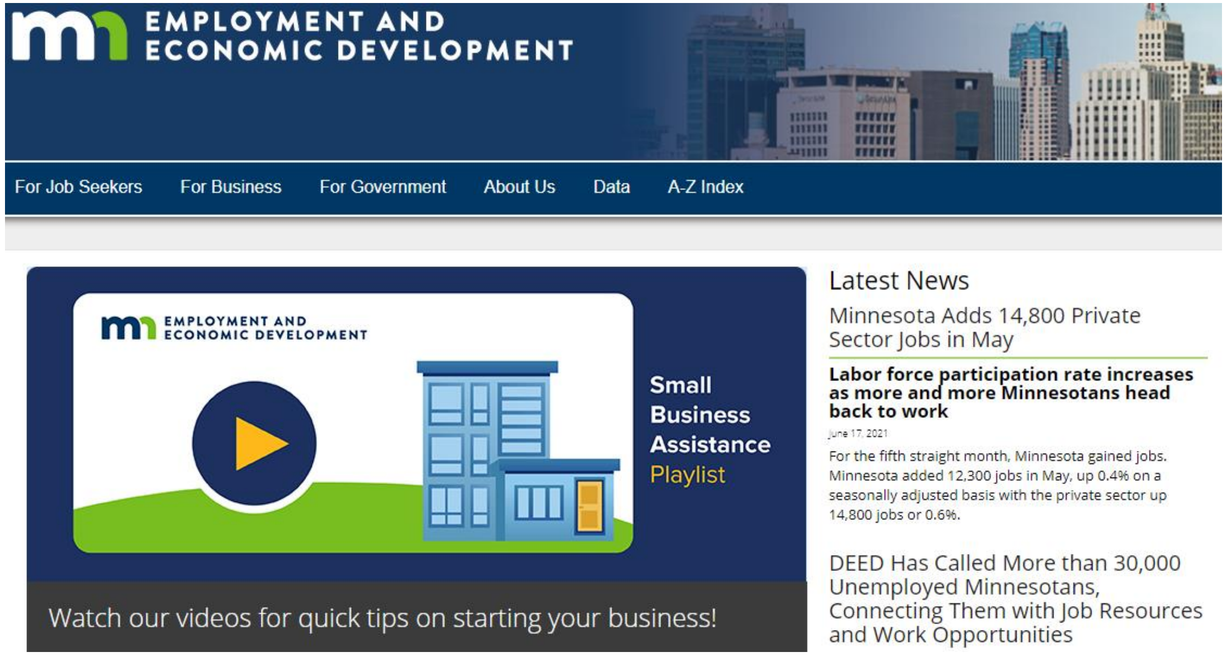
Labor Market Information Office (http://mn.gov/deed/data)

Labor market information office

mn.gov/deed/data

- Each state produces employment and economic statistics in cooperation with the U.S. Department of Labor's Bureau of Labor Statistics
- LMI includes employment statistics, unemployment rates, wages and salaries, job projections and more
- LMI is the foundation for informed, market-responsive planning



What are we covering today?

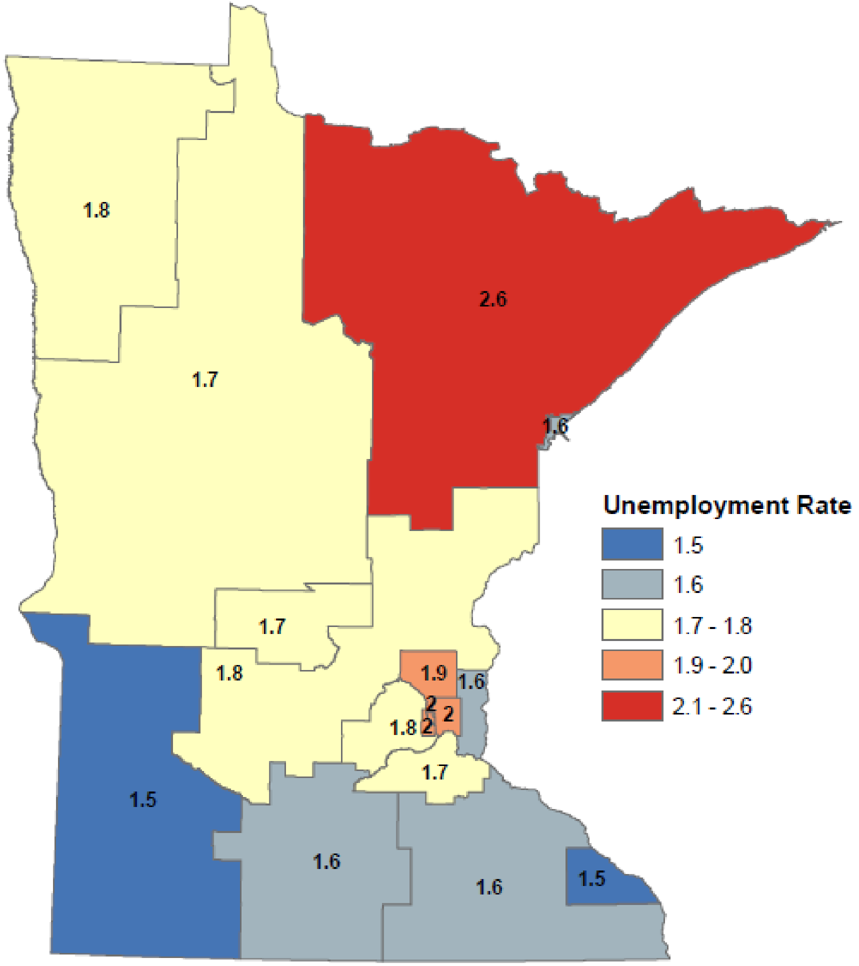
- Labor Market Trends
- Northern St. Louis County housing characteristics and trends
- The relationship between housing and employment

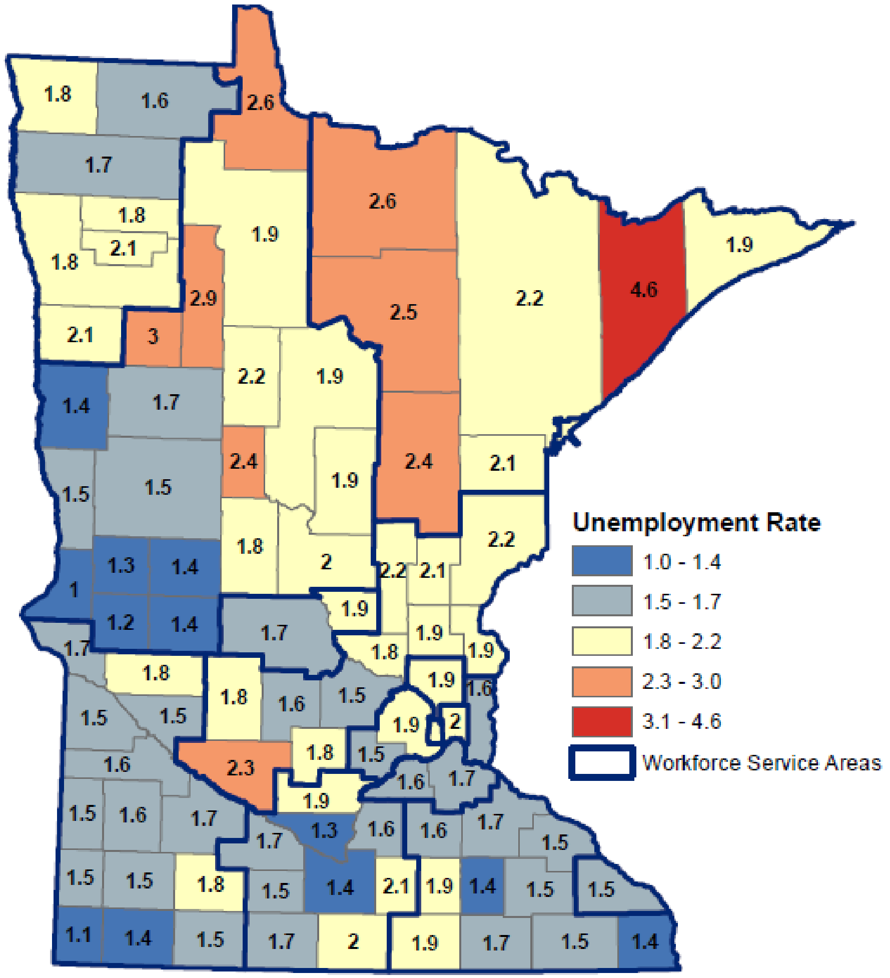
Minnesota's labor market situation

LAUS: September 2022

Unemployment Rates in Workforce Service Areas and Counties, September

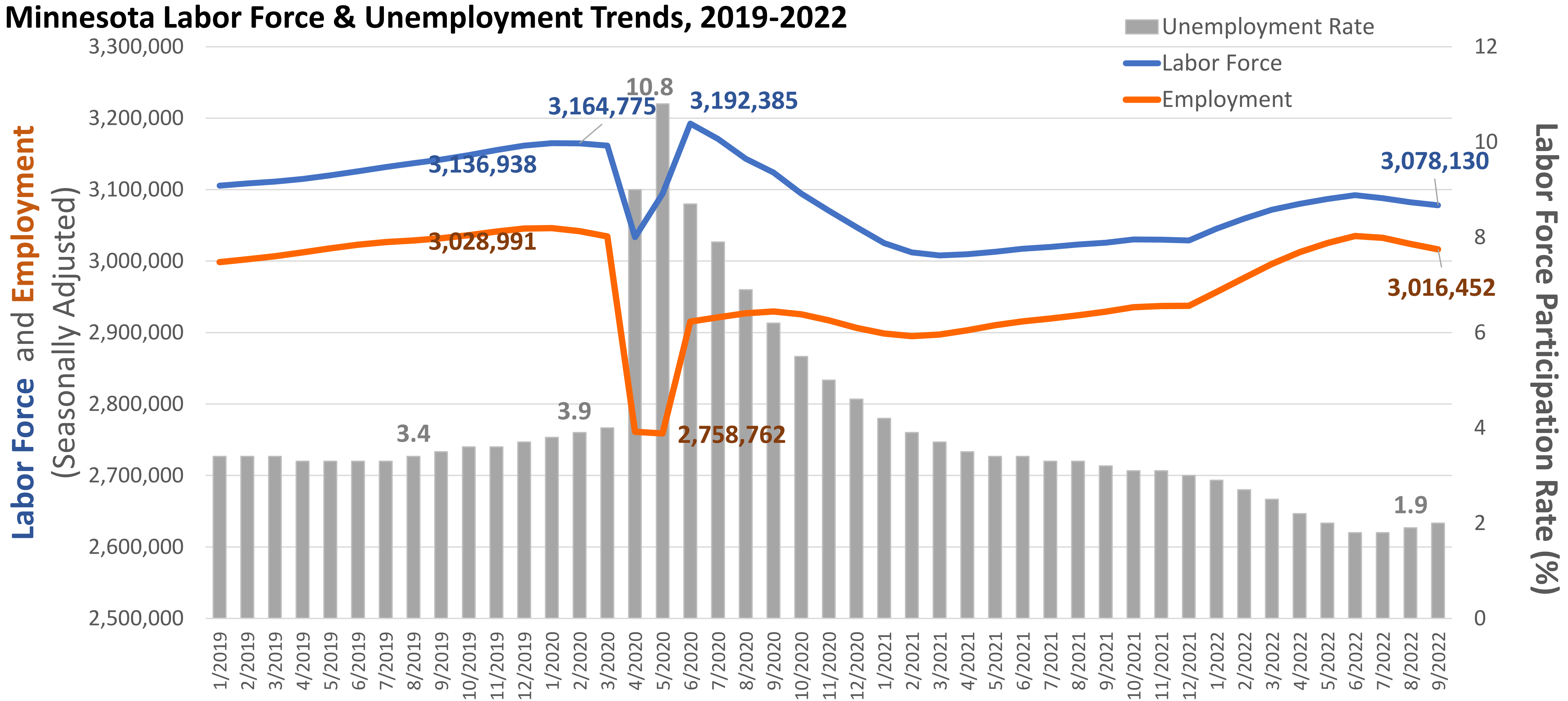
State of Minnesota = 1.8% (not seasonally adjusted)





Labor force trends

Local Area Unemployment Statistics: 2019 to September 2022



Source: DEED Local Area Unemployment Statistics

Labor force trends

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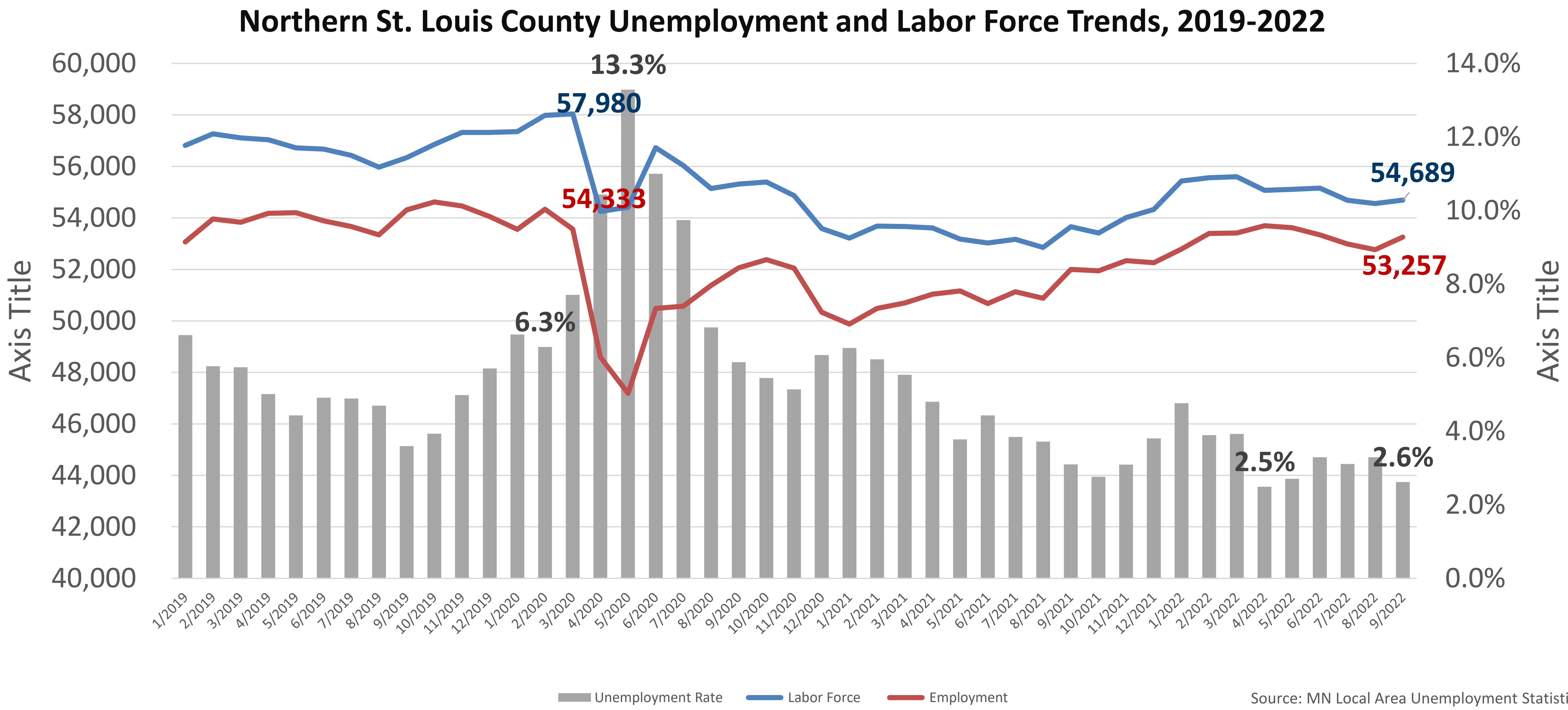
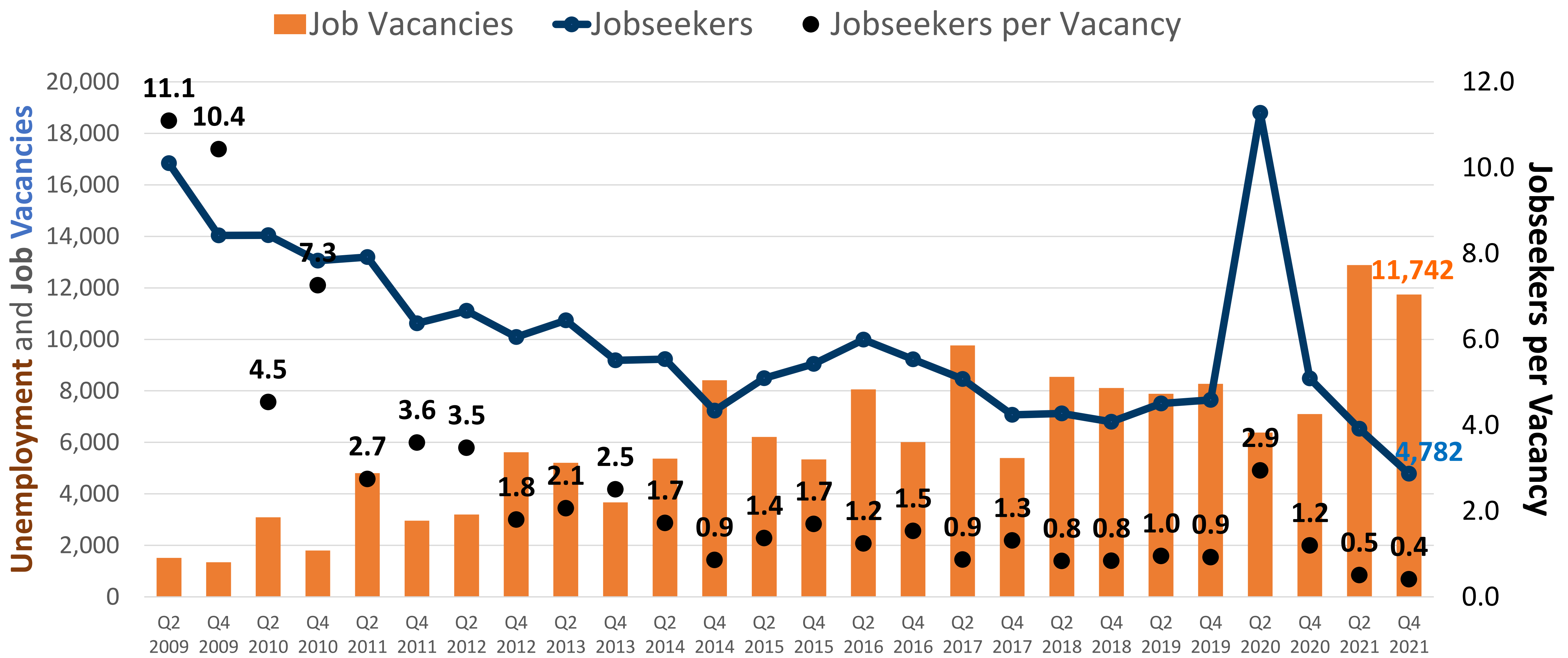


Source: MN Local Area Unemployment Statistics

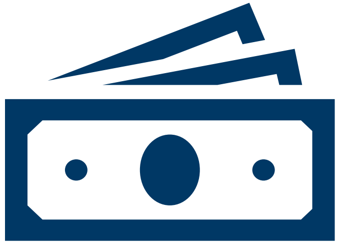
Jobseekers per Vacancy, Northeast Minnesota



Source: DEED LAUS, DEED JVS

Northern St. Louis County Housing Characteristics

- 64,196 housing units
  - 82.4% are single unit, detached
  - 76.7% occupied
  - 82% owner, 18% renter-occupied (MN: 73/27)
- 6.5% were built since 2010; 40.7% before 1960
- Median value of owner-occupied units: $175,150
- Median rent: $837/mo*

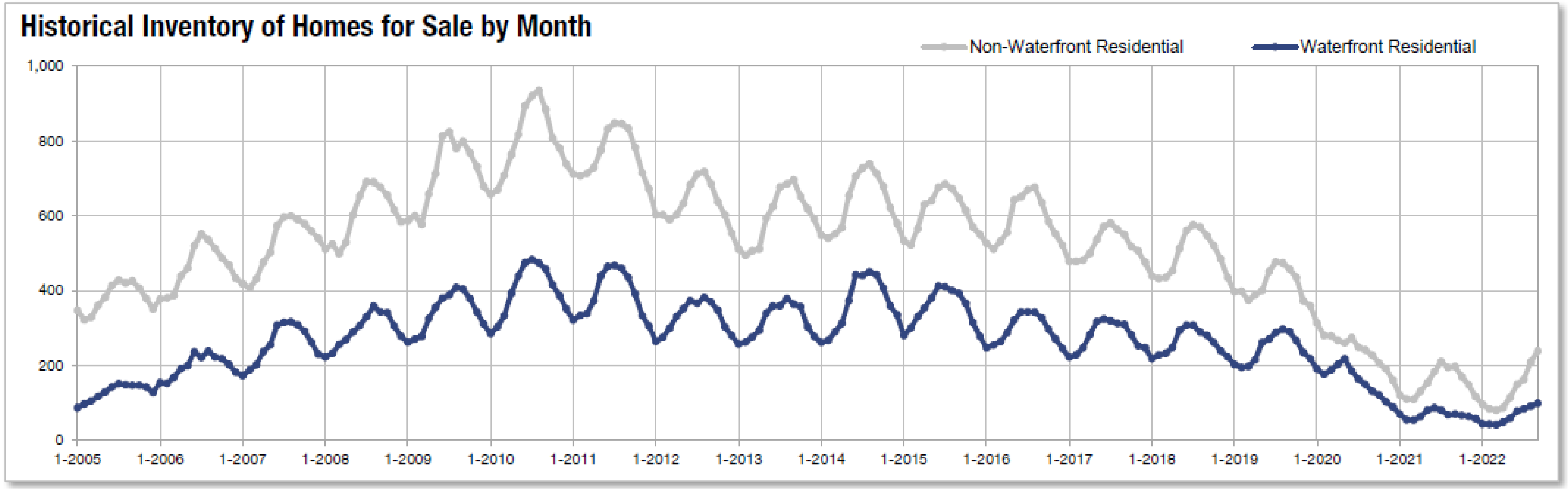


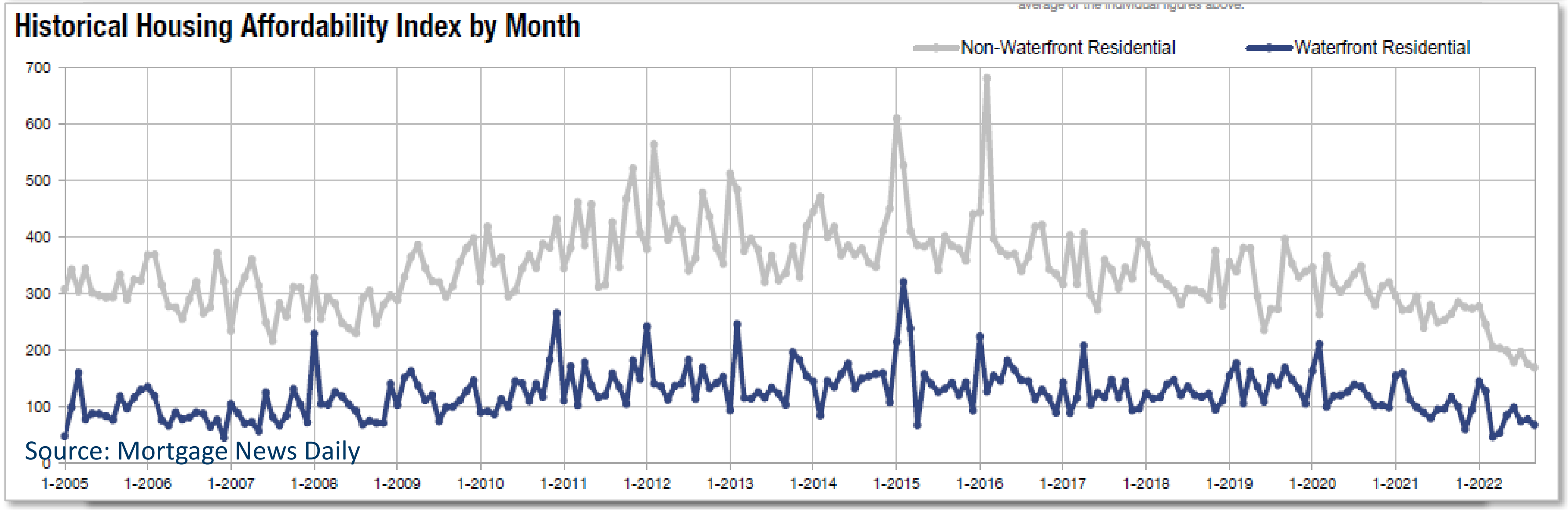
Source: 2021 U.S. Census American Community Survey 1-yr estimates

Range Area Realtors Report: Homes for Sale

- Supply is up slightly compared to 2021
  - Still lower than any year since 2005
- Number of new listings and closed sales down
- YTD Median sales prices up 4.4% OTY
  - +10% for Non-Waterfront homes
- Lowest affordability index since 2005 (170 for NWF)
- Decreased affordability as mortgage rates rise, more than doubling OTY

10/31/2022





Source: Mortgage News Daily

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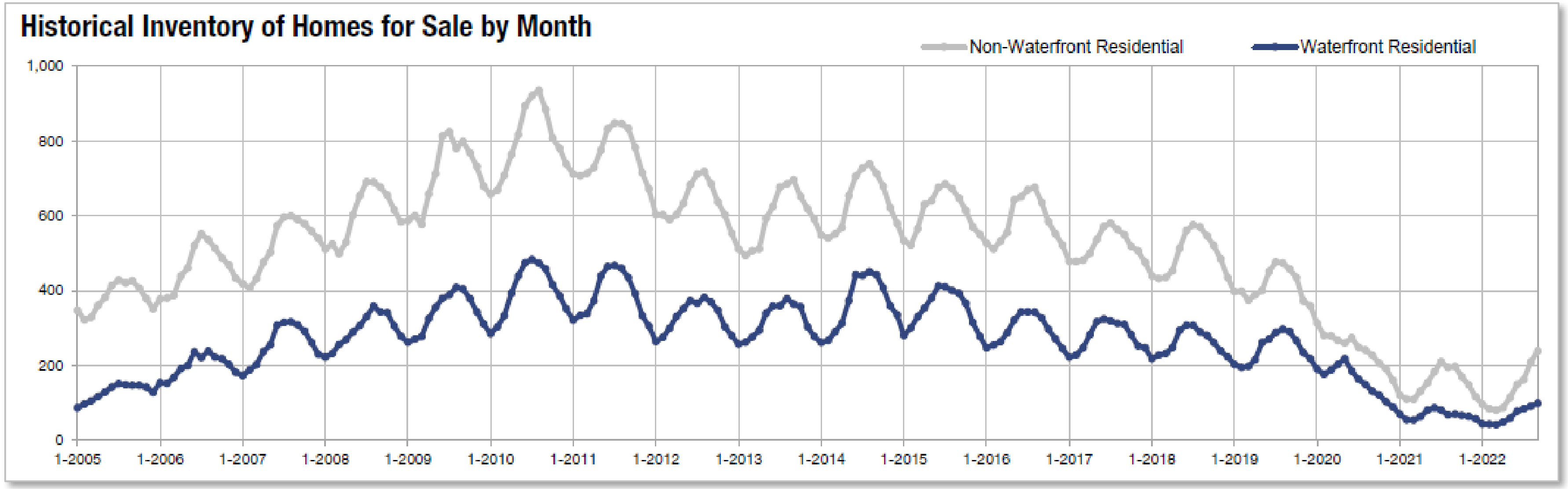
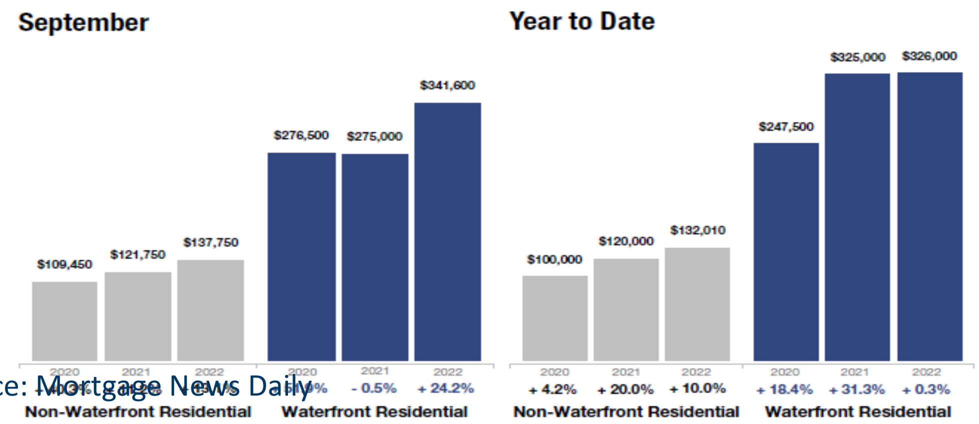


Median Sales Price

Point at which half of the sales sold for more and half sold for less, not accounting for seller concessions, in a given month.



Median Sales Price	Non-Waterfront Residential	Year-Over-Year Change	Waterfront Residential	Year-Over-Year Change
Oct-2021	$113,000	-5.4%	$320,000	-1.5%
Nov-2021	$119,900	+11.6%	$545,300	+67.8%
Dec-2021	$115,000	+9.5%	$330,000	-2.2%
Jan-2022	$110,000	-1.8%	$210,000	-1.6%
Feb-2022	$122,750	+5.4%	$235,500	+19.2%
Mar-2022	$133,000	+14.7%	$584,500	+110.6%
Apr-2022	$124,900	+13.5%	$469,450	+44.6%
May-2022	$130,252	-3.7%	$302,575	-15.2%
Jun-2022	$140,000	+21.7%	$252,500	-36.9%
Jul-2022	$133,000	+2.4%	$350,000	+3.6%
Aug-2022	$147,500	+15.1%	$332,000	-0.7%
Sep-2022	**$137,750**	**+13.1%**	**$341,600**	**+24.2%**
12-Month Avg*	$128,500	+8.9%	$333,200	+2.5%

* Median Sales Price for all properties from October 2021 through September 2022. This is not the average of the individual figures above.

Source: Mortgage News Daily

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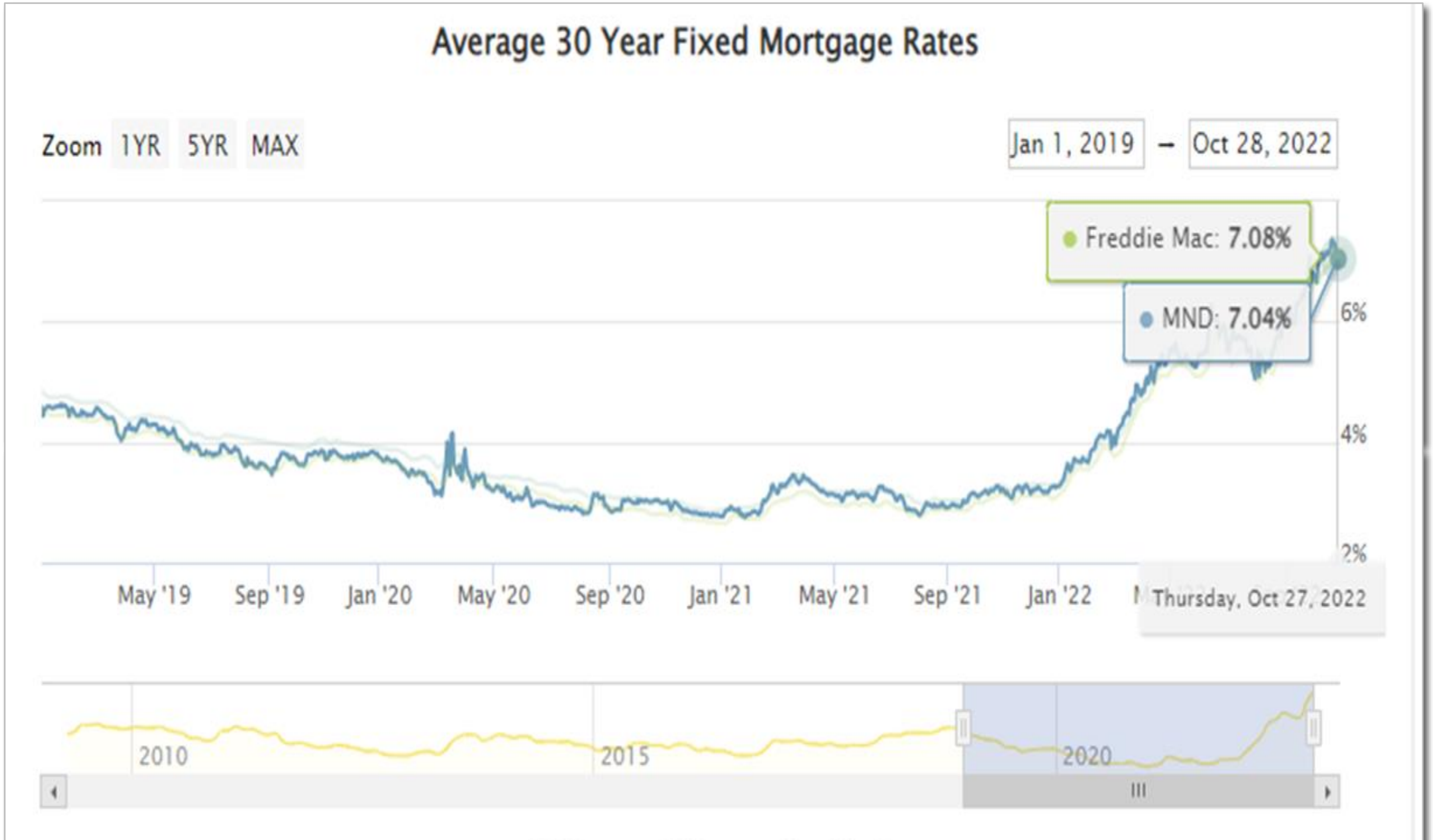
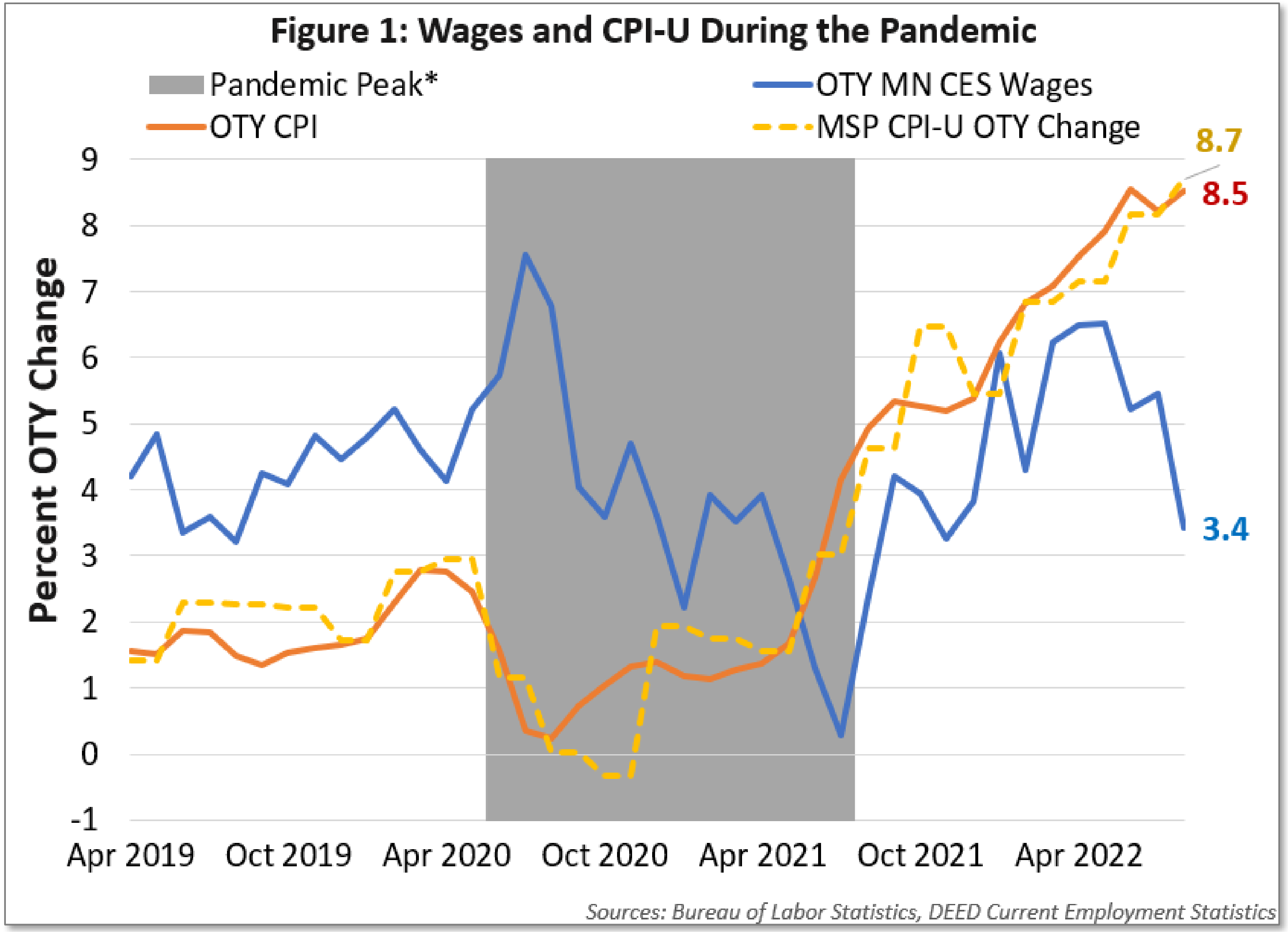


Source: Mortgage News Daily

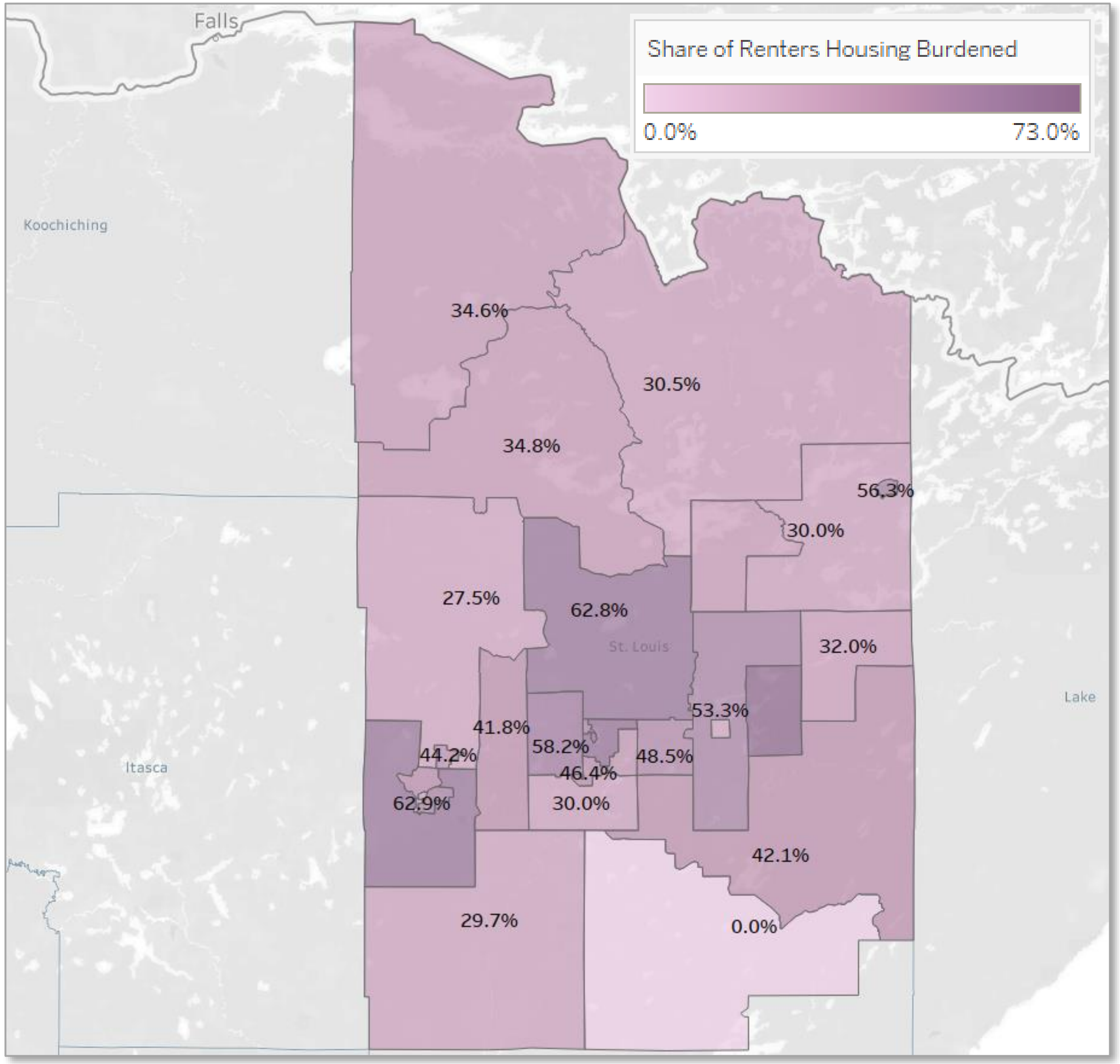
Wages and Income vs. Inflation

- Wage growth initially kept up, but has since slowed relative to rate of price growth
- Wage growth in N. SLC:
  - 2020-2021: 4.9%
  - 2021-2022: 7.7%



Housing Burden, 2021

- Median Household income in SLC, not including Duluth: $67,181
  - Increased 5.1% from 2019
  - MN: +4.2%
  - Duluth: +11%
- 42.6% of Northern St. Louis County renting households pay more than 30% of their incomes
- 23.5% of Northern St. Louis owning (w/mortgages) households pay more than 30%



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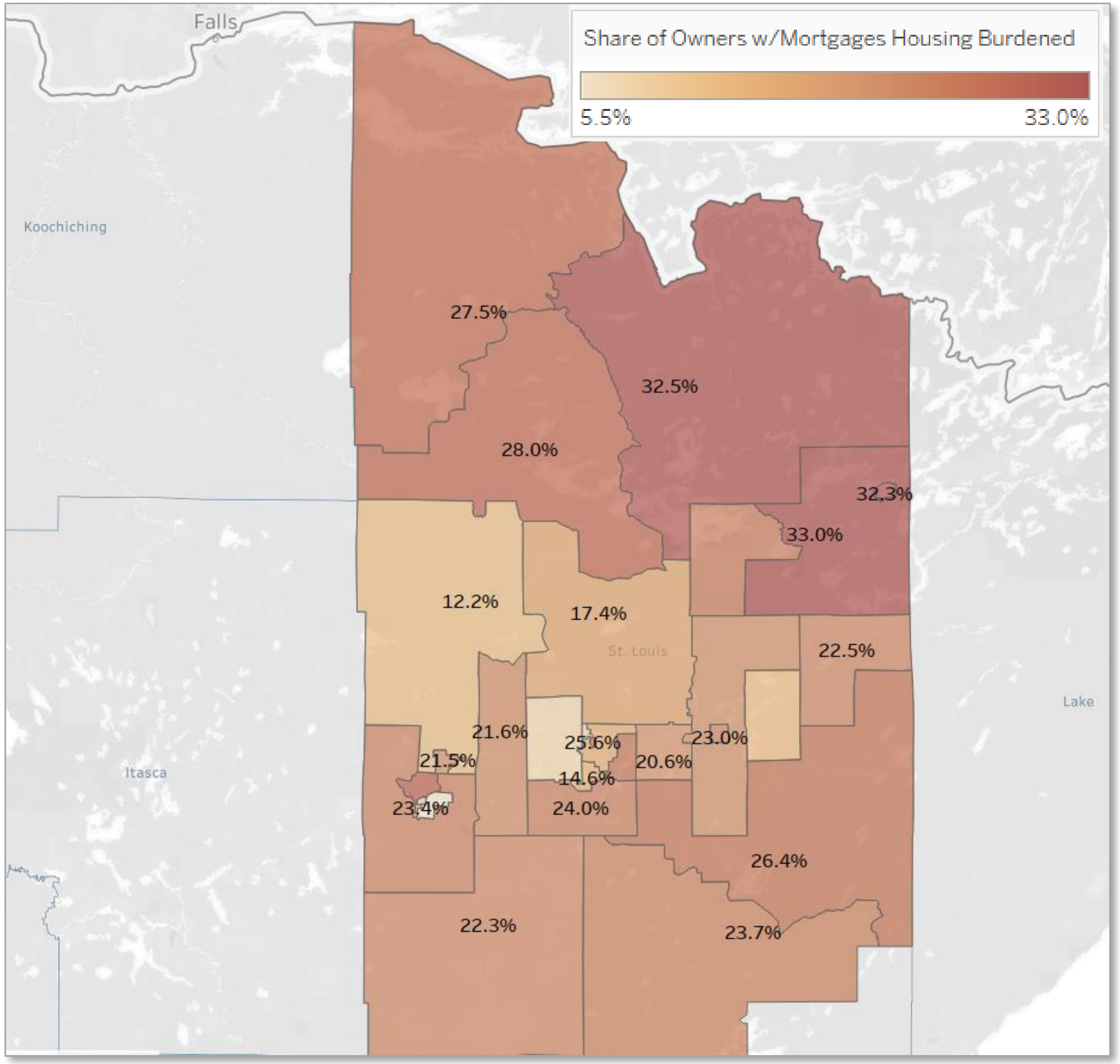
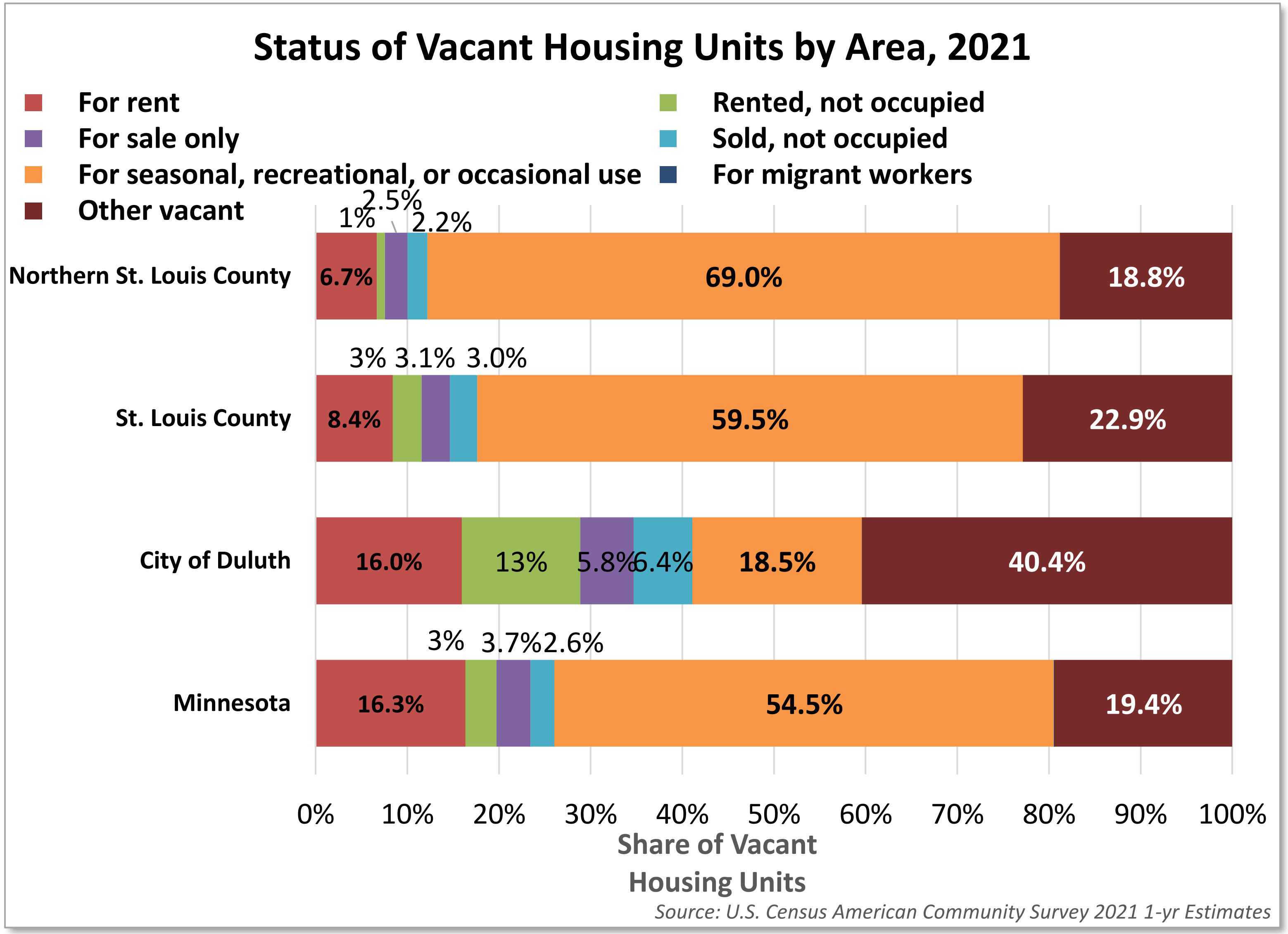


Underutilization?

- Nearly 15,000 (23%) vacant housing units in N. SLC
- vacancy rates are much lower (6.7% for rented and 0.9% for owned)
- 69% of area vacant units were for seasonal, recreational, or occasional use
- 75% of vacancies in N. SLC were for more than 2 years

Source: U.S. Census American Community Survey, 2021 1-Yr Estimates



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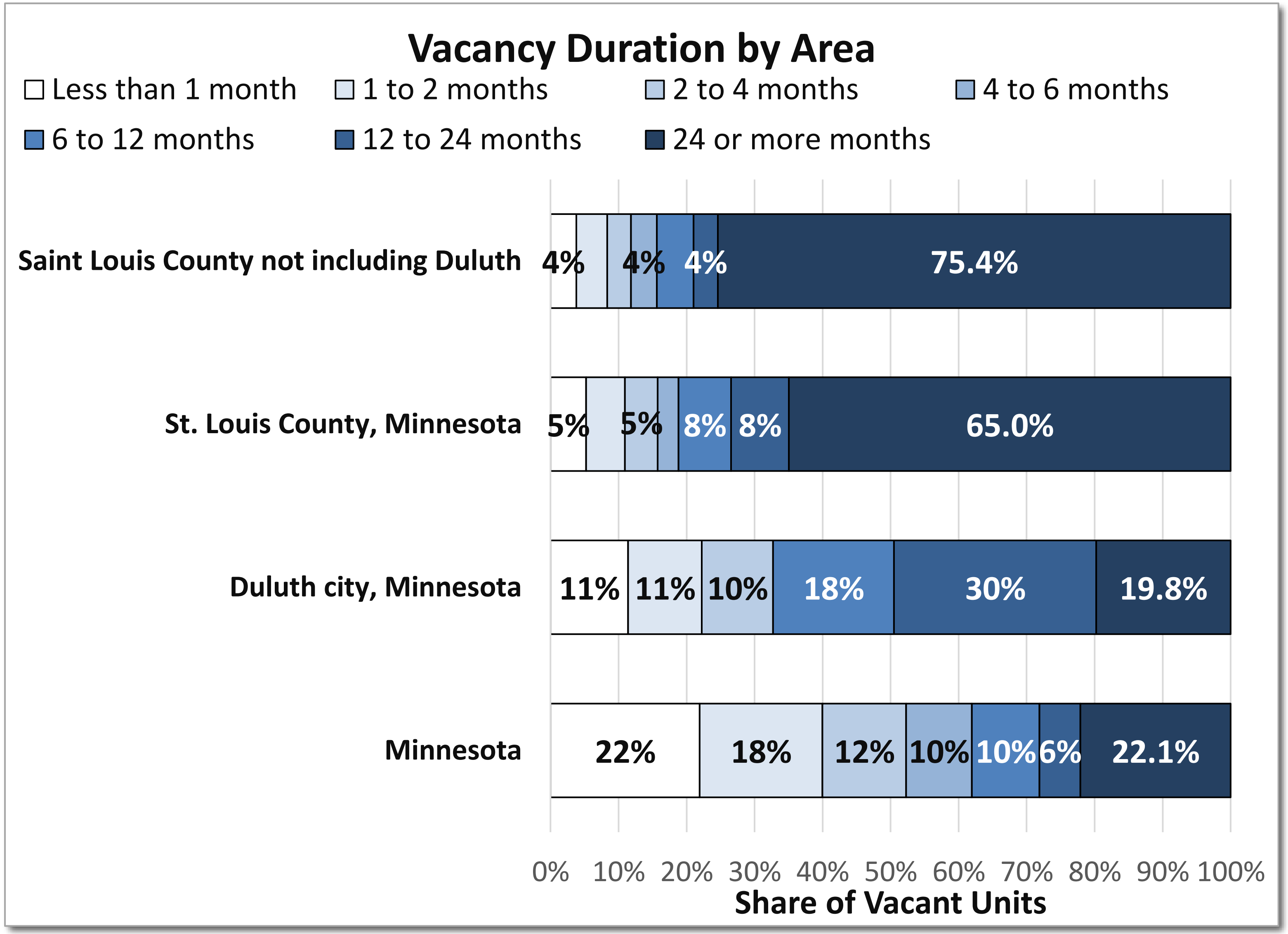

Putting it Together

- Rising wages have not kept up rising housing costs
- An older and aging housing stock + high rates of vacancies = limited supply of housing units
- Without much public transportation, it is even more important to have housing near employment centers
- NE MN and SLC still may retain a competitive advantage in relative housing affordability


HOME > ECONOMY

The housing crisis and the labor shortage are linked: People can't take jobs if there aren't affordable homes nearby

Ben Winck and Andy Kiersz Oct 23, 2021, 5:20 AM

A "Help Wanted" sign hangs in the window of Gino's Pizza on Main Street in Patchogue, New York on August 24, 2021. Steve Pfost/Newsday RM/Getty Images

U.S. mortgage rates hit 20-year high, top 7 percent after Fed hikes

DEED's Regional Analysis & Outreach Unit

EMPLOYMENT AND ECONOMIC DEVELOPMENT

We're here to help!

Carson Gorecki

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- mn.gov/deed/data/regional-lmi/northeast-lmi.jsp

- https://mn.gov/deed/data/lmi-reports/workforce-path-success/

- LMI Helpline: 651-259-7384